

November 3, 2003

PUBLIC UTILITIES COMMISSION
Conservation Program Plan for Transition
From Interim to Ongoing Programs

STAFF REQUEST FOR
COMMENT

I. SUMMARY

The Commission has directed us to develop a proposal to make the transition from interim energy efficiency programs to on-going full scale programs. We issue this proposal to gather input from stakeholders in this docket prior to making our recommendations to the Commission.

II. BACKGROUND

By the Conservation Act enacted in 2002 (P.L. 2002, ch. 624), the Commission was directed to implement "interim programs."

In order to avoid a significant delay in the implementation of conservation programs pursuant to the Maine Revised Statutes Title 35-A, section 3211-A, the Public Utilities Commission may use funds from the conservation program fund established pursuant to Title 35-A, section 3211-A, subsection 5 to implement on a short-term basis conservation programs that the Commission finds to be cost effective. The commission is not required to satisfy the requirements of Title 35-A, section 3211-A before implementing such programs. Any programs implemented under this section must terminate no later than December 31, 2003. Funds in the conservation program fund not used for short-term programs under this section must be used in accordance with Title 35-A, section 3211-A.

The Commission has developed several interim energy conservation programs. All of the interim programs have been developed in accord with the full requirements of Title 35-A, section 3211-A and none have needed the latitude afforded by the language of section 7 cited above. In keeping with the language that interim programs should end on December 31st of 2003, all of the contracts with implementation vendors and all of the memoranda of understanding with other state agencies were developed to terminate on December 31st. At its deliberation adopting the Staff's proposed plan for on-going programs, the Commission directed us to develop a plan that would allow for a smooth transition of programs from interim to on-going status. We describe our proposal below

and request comment by stakeholders so that the Commission may benefit from additional input in time for its November 12, 2003 deliberative session.

Each of the interim programs is listed below along with our proposal for its transition.

Low Income Refrigerator Replacement Program: We propose to extend this program by modifying our memorandum of understanding with the Maine State Housing Authority to continue for an additional year. Working with the Community Action Agencies through the Maine State Housing Authority without soliciting a competitive response is specifically permitted by section 3.C.2 of the Conservation Act. Our experience working on this program with MSHA so far has been very positive and we do not recommend making any changes to the arrangement.

ENERGY STAR Residential Lighting Program: The residential lighting program is similar to others being operated in New England. The program uses two independent contractors. Applied Proactive Technologies (APT) of Springfield MA provides program delivery services, and the Energy Federation Incorporated (EFI) of Westborough MA provides coupon processing. APT was selected to implement the program through a competitive bidding process. EFI was selected to run the program through a sole source contract, but this was only because the Northeast Energy Efficiency Partnerships (NEEP) of which we are members, had recently selected EFI to perform the same function for a number of the partners through a competitive Request For Proposals (RFP). The contracts with both companies end on December 31st, 2003. We propose to issue RFPs and conduct a competitive selection process for both contracts. There are other implementation contractors running similar programs throughout the United States and we believe they can develop bids to implement this program in a time frame short enough for us to establish a new contract with minimal if any disruption to program services. Bidders will need to describe whether and how they would take over this program without causing a disruption of services.

High Performance Schools Program: We are recommending a six-month contract extension for the Program Technical Advisor (PTA) that we retained for this program. The PTA for this program, Combined Energies of Augusta ME, was selected through a competitive bidding process. Combined Energies' role is to develop certain materials that pre-specify what measures will be eligible to receive energy efficiency grants, and also to work with the architectural and engineering firms developing new school designs. Combined Energies has developed the materials and has developed relationships with the firms that will be building schools. Design and review of the technical proposals has not yet commenced. We propose to negotiate a six-month contract extension with Combined Energies in order to let the company work through the design stages of the schools currently going through MDOE review. In the interim, we will conduct an RFP for a PTA to begin work at the conclusion of Combined Energy's six-month extension. In addition to a competitively selected PTA, this program also contains memorandums of understanding among the PUC, the Maine Department

of Education, the Maine Bureau of General Services, and the Maine School Management Association. We will propose extensions of these MOUs.

Traffic Signal Replacement Program: This program has concluded. All eligible traffic signals in Maine have been retrofitted with LED technology.

Small Business Program: We will recommend a six-month contract extension for the implementation contractor of this program. The contractor for this program, L.K. Goldfarb Associates, of Portland ME, was selected through a competitive bidding process. The request for proposals for the program requested elements of program design in addition to the price for services rendered. The Goldfarb proposal included elements of market transformation such as working with the product suppliers and upstream educational activities along with elements of traditional resource acquisition programs. We recommend extension of the contract for two reasons. First we believe the nature of the program that L.K. Goldfarb Associates has developed requires a well planned transition. Second, program implementation was delayed because our selection process was legally challenged and we do not have enough experience yet to determine whether we would like to make changes to this program the next time that it is bid out. We propose to negotiate a six-month contract extension with L.K. Goldfarb Associates. During that period, we will determine what changes we would like to make to the current program, develop a plan for bringing on a new contractor, and conduct an RFP process to select an implementation contractor.

Commercial and Industrial Program: We recommend a six-month contract extension for the implementation contractor of this program. The contractor for this program, Northeast by Northwest consultants of Alna, ME was selected through a competitive bidding process. Because the C&I program was a “tier three” interim program, it was one of the last interim programs to be implemented. Contractor bids were received in July and the contract with Northeast by Northwest was signed in August. Since then, the contractor has pre-screened eligible technologies for cost effectiveness, worked with the Staff to set incentive levels, developed application forms, and the program terms and conditions. The program launched on October 31st, 2003, and a series of program roll out workshops are scheduled through November. The contract calls for the contractor to work with customers applying for incentives and to provide technical assistance in certain situations. During the proposed six month extension period we will observe the application and incentive process, determine whether adjustments should be made to the program, develop an RFP that includes those changes, and re-bid the contract.

Building Operator Certification Program: This program is provided through the Northeast Energy Efficiency Partnerships (NEEP). The course curriculum is licensed to NEEP and is offered at cost to the MPUC. The BOC course is a sole source purchase and each class is purchased under a separate MOU. We propose to continue offering the BOC course through this arrangement.

State Buildings Program: We will recommend extending our memorandum of understanding with the Maine Department of Administrative and Financial Services to address energy deficiencies in State buildings. Under the agreement, MPUC will grant money for efficiency improvements under DAFS control after pre-screening the measures for cost effectiveness.

DECD Loan Fund: This program is now under PUC jurisdiction. The MOU the Commission formerly held with DECD is no longer necessary to continue the program.

Existing Schools Program: The applications and processing requirements for this program are identical to those available through the small business program. The process is currently being handled by our Small Business Program contractor. If our proposal to extend the small business contract is accepted, we will include the responsibility for administration of this program in our next small business program RFP.

III. REQUEST FOR COMMENT

We request the input of the parties and interested persons to the 2002-162 proceeding. We will accept comments until November 10, 2003, and will schedule the plan for Commission deliberations on November 12, 2003. We acknowledge for the brevity of time allowed for comments, but must schedule the item as soon as possible in order to make alternative plans should our recommendations not be accepted.

Sincerely,

Denis Bergeron
Director of Energy Programs
Maine Public Utilities Commission